Yhis document contains information afforms the netional defense of the United States reverse meaning secret of the Espionage Act, 50, U.S.C. Secret 31 and 32 as amended. Its transmission 31 and 32 as amended. 25X1A or the revelation of its contents in any menner to an unauth CENTRAL INTELLIGENCE GROUP orized person is CENTRAL INTELLIGENCE GROUP prohibited by law. INTELLIGENCE REPORT DATE: Germany (Russian Zone) COUNTRY 25X1A NFO. SUBJECT Planned Increase of Steel Production E September 1947 **PAGES** 25X1A SUPPLEMENT ORIG : 25X1X 25X1A 👢 🗀 K. I. Koval, Marshal Sokolovsky's deputy in economic matters, discussed the steel situation of the Soviet occupied zone in Germany with M. I. Perelivchenko, chief of the SMA department of economic planning, the president of the Central Administration for Industry (ZVI), and the chief of the department for planning and statistics of the ZVI. Koval informed those present that the SMA desired that the yearly output in crude steel, inclusive of cast iron and rolling mill products, be raised to 800,000 tons a year. It was requested that a draft for such an order be immediately submitted and that all necessary preliminary measures be taken. 25X1X Comment: The present production amounts to approximately 185,000 tons a year, while the maximum capacity corresponds to about 330,000 tons. The SMA intended, Koval explained, to give first consideration to rolling mill products which are well suited for further processing, also from the financial angle. The necessary scrap iron could be obtained subsequently at low prices from abroad. Koval added that part of the required machinery and equipment could be imported but that, if necessary, permission might be obtained to use temporarily the firm Krupp-Gruson in Magdeburg, which is at present working on reparations orders. Krupp-Gruson is the only firm in the Soviet-occupied part of Germany which makes equipment for rolling mills. It would become necessary for the iron industry to concentrate on

It would become necessary for the iron industry to concentrate on the manufacture of consumer goods on a profitable basis, since there was great demand for these goods in the Soviet Union, as well as in the countries to the east and coutheast of Germany.

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

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